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C O N F I D E N T I A L SECTION 01 OF 02 KHARTOUM 000252

SIPDIS

DEPT FOR AF A A/S CARTER, AF/SPG, AF/E  
NSC FOR MGAVIN AND CHUDSON  
ADDIS ABABA ALSO FOR USAU

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SUBJECT: NEW MINISTER ATTEMPTS TO CURB SPLA CORRUPTION

Classified By: CDA Alberto M. Fernandez. Reasons 1.4 (b) and (d)

11. (U) This is an action request - see para. 8

12. (C) SUMMARY: SPLA Affairs Minister Nhial Deng Nhial is attempting to move against commanders he suspects of corruption within the SPLA's senior echelons less than one month into his ministerial tenure. The Minister's political cover for the initiative is increasingly far-reaching: President Kiir has been briefed, and Nhial and Finance Minister Kuol Athian Mawien are due to meet the week of February 23 to review corrective measures required to bring the SPLA's budget-busting spending habits in line with standing GOSS regulations. The Minister has already placed Chief of General Staff Oyai Deng Ajak and his immediate staff under a microscope, and has requested USG assistance to isolate "problematic" SPLA commanders. Both the Finance Minister and Minister for SPLA Affairs lauded USG assistance to date in improving SPLA contracting mechanisms via a USG-facilitated SPLA Acquisitions Review Board and other initiatives. However, Nhial notes that until he is able to crack the mentality of some of those who are supposed to be his most-trusted advisors, his reform efforts risk being undermined from within. END SUMMARY.

13. (C) Following their introductory meeting on February 17, SPLA Affairs Minister Nhial Deng Nhial noted to Consul General his concerns over a recently-awarded US\$70 million contract to Harris Radios, and solicited USG assistance in "confirming his suspicions" regarding who within the SPLA was most intimately involved in the transaction. Nhial claims the contract was awarded without his review or approval, despite standing directives to the contrary. The Minister was particularly disturbed about the contract's finalization so soon after his initial discussions with the Chief of General Staff and his deputies about planned changes to the SPLA's procurement and accounting mechanisms. He regarded the maneuver as one designed to intentionally keep him in the dark, and his subsequent review of documents linked to the transaction "raised significant concerns." (NOTE: USG-contracted advisors kept close watch on Harris representatives during their two most-recent visits to Juba. However, neither the SPLA's Signals Director, Procurement Director, or their counterparts within the USG-funded Training/Advisory Team were consulted on the contract. The first time the Signals Director learned that the SPLA was considering procuring Harris equipment was following a discussion with the USG-funded Communications Advisor. END NOTE.)

14. (C) GOSS Finance Minister Kuol Athian Mawien told ConGen PolOff February 18 that he was personally leading his ministry's efforts to assist Nhial with a review of contracts awarded by the SPLA since the start of the 2008 fiscal year. He noted that contracts awarded after the May 2008 death of

the SPLA Affairs Minister would come under particular scrutiny. PolOff cited repeated criticism by the Southern Sudan Legislative Assembly (SSLA) and state-level governments regarding perceived SPLA malfeasance, and asked if specific individuals were under investigation. Mawien hedged on the response, finally noting that "SPLA procurements have become so consistently irregular that to be irregular is to be consistent." While Mawien maintained that over-expenditures were unlikely to have impacted SPLA ability to pay its troops (a claim we find to be specious at best,) he stressed that the emphasis of the contract review will be less on over-expenditures and more on a comparison of products delivered against cost payouts.

15. (C) Mawien, whose own ministry overspent its budget by 612 percent in the first half of the 2008 fiscal year, is unlikely to heavily criticize the SPLA for any "legitimate" over-expenditures discovered. The SSLA and GOSS Council of Ministers have given the SPLA carte-blanche to spend on defense procurements, with full recognition that the bulk of the military's debt carry-over is tied to the US\$260,000/tank arms purchase from the Ukraine dating to 2006. Despite its vocal criticism of the 2008 supplemental budget bill, the SSLA's Select Committee on Finance and the Economy repeatedly invoked NCP stonewalling on CPA implementation and the "precarious" nature of the North/South peace as "the only reason one needs to vote for this bill's passage."

16. (C) It remains difficult to establish whether SPLA corruption is limited to individuals or has become institutionalized. Anecdotal evidence abounds of senior SPLA commanders in Juba and beyond providing financial backing for

KHARTOUM 00000252 002 OF 002

gasoline stations and of brigade and division-level general officers using their positions to forcibly seize land, and in some instances, infrastructure. While the senior command in Juba are candid with ConGen Juba staff about their expenditures, and (unlike other SPLA contacts) have not complained of going without pay, it is hard to discern whether spending sprees have been irregular or routine. The SPLA as an institution still remains largely devoid of codified and respected regulations. This stems from tribal factionalism, capacity and literacy issues, and an over-emphasis on unnecessary compartmentalization related to information-sharing and decision-making -- a hold-over from the SPLA's days as a guerrilla force. These same weaknesses have made the SPLA vulnerable to manipulation: both from less scrupulous elements within its ranks and from regional and international businesses seeking to prey on the SPLA's naiveté to make a quick buck. To date, more than 1,000 vehicles purchased by Dim Deng in 2007 have still not arrived in Sudan, a recently-awarded, multi-million dollar ID card contract stemming from the Deputy Chief of Staff for Administration Salva Mathok resulted in the delivery to Juba of less than one dozen laptops, a desktop scanner, and a handful of trainers. Nhial admitted to CG on February 16 that the only "definite information" he had on the Harris contract was that it originated from within the office of the Chief of General Staff, and it wasn't listed in documents outlining procurement requirements for the 2009 fiscal year.

17. (C) Although displeased that his commanders are seemingly resistant to his initial directives, Nhial affirmed to ConGen PolOff February 21 that he will continue to act in a consultative fashion until given "indisputable proof that he should desist." While he acknowledged that current in-house USG advisors focused on financial management and procurement are likely to be located within his ministry, and may help him in his attempts at broad-based reform, what he needs most from "our friends" is either actionable information about corruption within the SPLA's ranks or a list of individuals who bear further scrutiny. In particular, he sought additional information on the parties involved in the Harris Radio contract.

18. (C) Comment and Action Request: We need to do everything we can to support Nhial on corruption in general and the Harris Radio contract in particular. While we do not wish to intervene in what may well be a legal contract, post seeks Washington's guidance on the status of the OFAC license for the Harris contract, to find out if in fact proper procedures have been followed. Providing such support to Nhial will underscore our desire for more GOSS officials to take the risks posed by combatting corruption, which is seriously threatening the South's nascent and fragile institutions at a time of great financial and political pressure.

FERNANDEZ